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C O N F I D E N T I A L SECTION 01 OF 02 ABU DHABI 003270

SIPDIS

PASS TO USTR FOR CATHY NOVELLI

E.O. 12958: DECL: 09/20/2014
TAGS: [ELAB](#) [ECON](#) [PGOV](#) [TC](#)
SUBJECT: TIFA - THE LABOR ISSUE

Classified by Ambassador Michele Sison for Reasons 1.5 (b & d)

This is a joint Dubai-Abu Dhabi Cable.

11. (C) Summary: The UAEG understands that its current labor law is a stumbling block to its goal of negotiating a FTA with the U.S. The fact that the overwhelming majority (80-85 percent) of the population and 98 percent of the private sector workforce is foreign, however, means labor is a sensitive, national security matter in the UAE. Given this, a USG decision to enter into FTA negotiations with the UAEG would likely facilitate the UAEG,s efforts to reform its labor law. It will also strengthen the hand of one of the UAEG,s chief reformers, Minister of State for Finance and Industry, Dr. Mohammed Khalfan bin Khirbash.

12. (C) Current labor law allows for collective dispute resolution and the labor dispute mechanisms in the UAE generally work. However, the current legislation does not entitle workers to form or join unions. Whether settled by the Ministry of Immigration, the Ministry of Labor, the free zone authorities, or the courts, labor disputes are generally resolved fairly and consistently. The UAEG is aware that its current labor law is a major stumbling block to its goal of negotiating an FTA and the Ambassador will be reinforcing this in her meetings with the Minister of Labor, MinState of Finance Khirbash, and with the MFA. The UAEG has told us that they are revising their labor law, but that their overwhelmingly foreign workforce raises security concerns. End Summary.

13. (C) About 80%-85% of the 4 million people in the UAE are expatriates as is 98 percent of the private sector workforce. The UAE attracts a large number of foreign workers, who continue to flow into the country, because in the UAE they

can earn a substantially higher income than they can in their home countries.

14. (SBU) The current labor law does not entitle workers to form or join unions, and no unions exist. However, the government allows workers to associate freely for the advancement of common goals and interests. In practice, workers address grievances and negotiate disputes or matters of interest with employers through formal and informal mechanisms. Although the law does not grant workers the right to engage in collective bargaining, it expressly authorizes collective dispute resolution. The labor law also does not address the right to strike, however, the press has quoted UAEG officials as saying that the law does not forbid strikes and that workers can stop working if they are denied their rights. In practice, there have been numerous strikes by private sector workers and organized gatherings of workers who complained of unpaid wages to the Ministry of Labor.

15. (C) The UAE has told us that the Cabinet has approved a proposal regarding drafting a law providing for the establishment of labor unions. The Ministry of Labor is currently preparing a draft law. The UAEG realizes that the current law represents a major obstacle to their goal of negotiating a Free Trade Agreement (FTA) with the U.S. UAEG officials have also stressed, however, that labor is a sensitive issue for them, given the unique demographics in the country. Various UAEG officials have told us that they need a positive response from the USG on FTA negotiations in order to push through sensitive reforms and to avoid undercutting the reformers. Over the last two days, MinState of Finance Dr. Mohammed Khalfan Khirbash and his senior staff have asked Abu Dhabi EconChief for a USG indication (either via letter or public announcement) that it intends to move to FTA negotiations. Ministry of Finance Undersecretary Khalid Al-Bustani called EconChief to say that Dr. Khirbash was coming under a lot of pressure (to produce results) from the federal cabinet.

16. (C) In an effort to see about the how the UAEG deals with workers, disputes in actual practice, Dubai PolEconoff met with several labor attaches from labor exporting countries on September 18. Vicente Cabe, Labor Attach at the Philippine Consulate General, told PolEconoff "the (labor dispute resolution) system in the UAE generally works." The Philippine Consulate estimates there are 200,000 Filipinos in the UAE, with over 60 percent in Cabe's consular district of Dubai and the Northern Emirates. Cabe said he dealt with two different categories of labor dispute cases: housemaids, who are not covered under the UAE labor law and which are handled by the Ministry of Immigration (MoI); and other workers, mainly unskilled and semi-skilled, whose complaints are handled by the Ministry of Labor (MoL). Cabe, who showed an excellent grasp of the UAE's labor dispute resolution processes, said his team dealt with 300 to 500 cases of each type per year. Cabe said that almost all housemaid cases were settled at the MoI level, never going to court. The MoI in effect instructed employers to pay, thus ending the dispute. The MoL, on the other hand, tried to mediate disputes, with Public Relations Officers (trained attorneys) reviewing the documentation and speaking to both sides of the dispute. In Cabe's experience, about half were successfully mediated and half were referred to the courts. Most court cases were resolved within a few months, and their judgments were about the same as those recommended by the MoL. In the rare particularly thorny situation, the Consulate or the Embassy sent a letter to the authorities, resulting in swift and effective action.

17. (C) Cabe said a separate category of labor problem he dealt with involved undocumented workers -- less than 10 percent of Filipino workers in the UAE -- who have no legal rights under the labor law. Sometimes an employer would hire a Filipino on a 3-month visit visa, and then refuse to pay. In those situations, Cabe said that the Consulate was able to bring pressure to bear on employers because they, too, were violating the law. He said the MoL had the power to heavily fine and shut down businesses employing workers illegally,

and it was willing to do so.

¶18. (C) The Bangladeshi and Pakistani Consulate Generals were much less likely to raise issues to the UAEG, but tried to resolve problems directly with the employers. Kamrul Ahsan, Bangladesh Consul General, told Dubai PolEconoff that about 60 percent of the 300,000 Bangladeshis lived in Dubai and the Northern Emirates. He said that when workers came to the Consulate with labor problems, they insisted they did not want to file a complaint but simply wanted the assistance of the Consulate in getting their back wages. Ahsan and his team contacted employers directly to try to reach a settlement. (Note: Ahsan seemed not to have a good handle on how the labor dispute process worked.) Ahsan said that the labor situation in Dubai was better than that in the Northern Emirates. He reserved special praise for Dubai's free zones, which fairly resolved labor disputes in-house through its own mechanisms. He also complimented the local papers for their increasingly extensive coverage of labor disputes.

¶19. (C) For his part, M. I. Jawed, Welfare Counselor at the Pakistan Consulate General, told Dubai PolEconoff that he and his staff usually contacted the employer, often an Indian or Pakistani about disputes, and were usually able to reach an amicable settlement. With over half the UAE's 500,000-plus Pakistanis in his consular district, he said the Consulate was able to draw on the assistance of a "Pakistan Association" in each emirate. While admitting that the UAE "had some problems" with labor conditions, Jawed said the system worked "pretty well." He added that these days he was focusing his efforts on getting more skilled, rather than unskilled, Pakistani workers to come to the UAE.

¶10. (C) Comment: Post will continue to work with the UAEG to stress the importance of moving quickly on bringing the labor law in line with international standards. We believe that, as in many areas, the actual practice in the UAE has evolved beyond the law. The Ambassador will be raising this subject with Dr. Khirbash, officials at the MFA, and with the Minister of Labor. For their part, UAEG officials are looking for a formal response that the USG intends to negotiate a FTA with the UAE. If that happens before the October 4-5 TIFA Council meeting, it will give a necessary boost to Dr. Khirbash's efforts to push reforms that we want and to get the right interagency team to Washington. End Comment.
SISON